



**VEIC Review of  
2018-2020 NH Statewide Energy Efficiency Plan  
Draft dated May 31, 2017**

**COST-BENEFIT TESTING/NON-ENERGY IMPACTS**

**Ingrid Malmgren, June 20, 2017**

---

# Characteristics of Successful Benefit – Cost Testing and Use of NEI's



---

# How would the Inclusion of NEIs Impact Programs?

- Measures that may be close to screening but don't currently screen might be able to be included in portfolios which would increase cost-effective energy savings and help NH reach its EERS goals.
- Inclusion of NEIs could allow efficiency programs to provide greater options for addressing customer equity concerns.
- More accurately capturing benefits of programs will lead to more accurate reporting of the value of efficiency which will provide more accurate information to policy-makers and ratepayers.

# Best Practices for Achieving Success, and Why

- STEP 1** Identify and articulate the jurisdiction's applicable policy goals.
- STEP 2** Include all the utility system costs and benefits.
- STEP 3** Decide which non-utility impacts to include in the test, based on applicable policy goals.
- STEP 4** Ensure that the test is symmetrical in considering both costs and benefits.
- STEP 5** Ensure the analysis is forward looking and incremental.
- STEP 6** Develop methodologies to account for all relevant impacts, including hard to quantify impacts.
- STEP 7** Ensure transparency in presenting the inputs and results of the cost-effectiveness test.

*From: National Standard Practice Manual*

# Commonly Monetized NEIs

## Utility Benefits

- T&D (Capacity and Line Loss)
- Avoided Bad Debt, Arrearages, Disconnections
- Reduced Risk
- Avoided RPS Compliance Costs

## Participant Benefits

- Comfort
- Noise Reduction
- Participant Health Impacts
- Employee Productivity

## Energy Policy Benefits

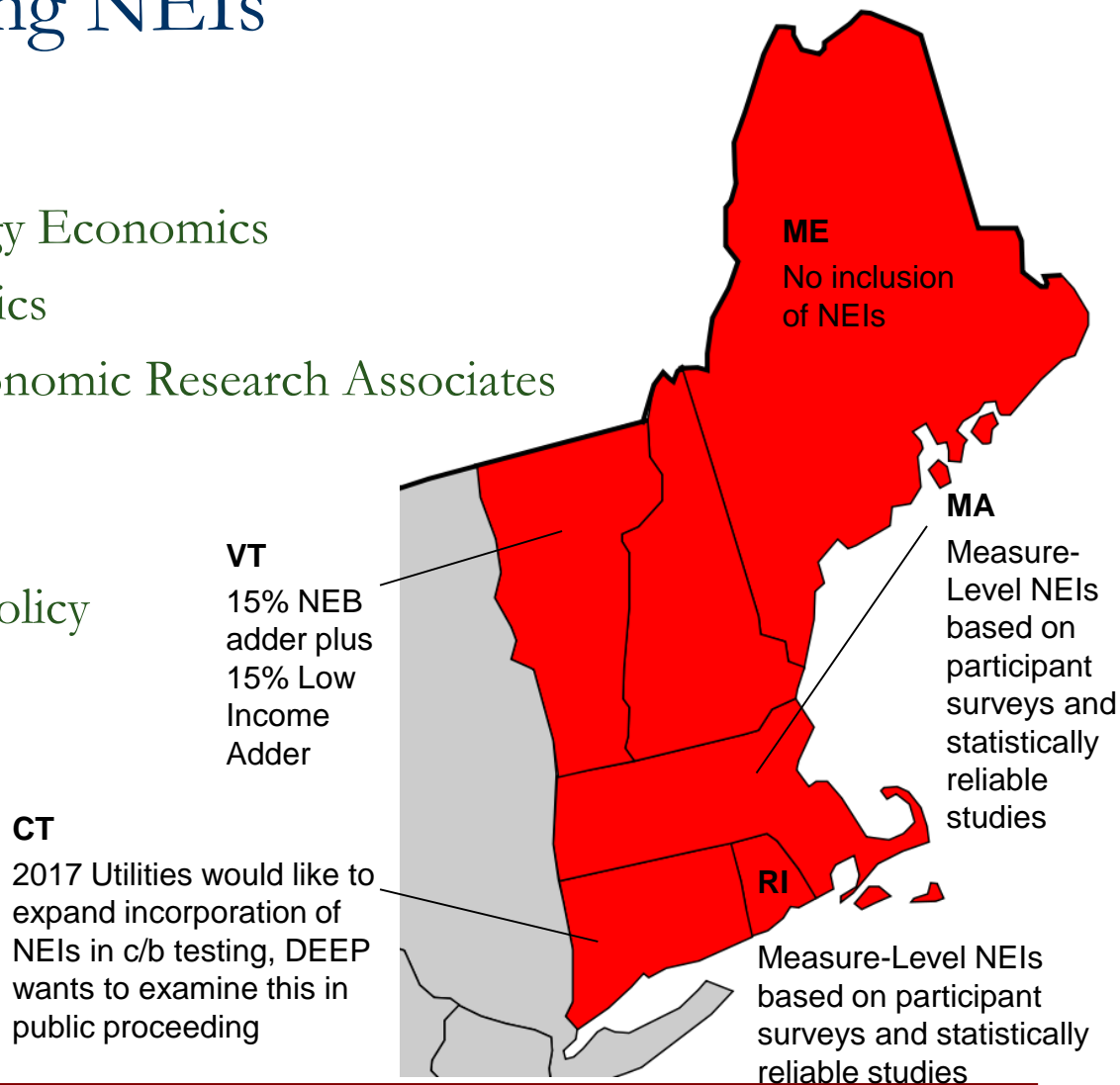
- Low Income Benefits
- Environmental Benefits
- Energy Security Benefits
- Economic Development and Job Creation

*Adapted from NSPM*

# Leading Economists, Regulators, and Utilities Supporting and Using NEIs

## Economists

- Tim Woolf – Synapse Energy Economics  
London School of Economics
- Lisa Skumatz –Skumatz Economic Research Associates  
PhD. Economics
- Noel Stevens – DNV-GL  
Resource-Economics and Policy





---

# Draft Plan Review

## Key Aspects of NH Approach VEIC Supports

- Common Avoided Costs
- Expansion of NEI Incorporation
- Process for NEI Expansion

## VEIC Recommendations

- Identify Policy Drivers for Efficiency and NEIs
  - Call out specific NEIs to be included in value
  - Identify Studies in which these specific NEIs were valued and which jurisdictions count them
  - Why are the NEIs the same for gas and electric?
-

# VEIC Recommendations

Recommendations	Rationale
Consider treating low-income programs differently in cost-effectiveness testing.	“These benefits are particularly important to income qualified and moderate income customers, who spend higher portions of their household budgets on energy and housing costs.” p.20
Consider treating the NEI adder of 10% as a placeholder.	Energy efficiency cost-effectiveness screening continues to evolve based on new evidence and research.
Determine which NEIs to value.	Will help identify next steps for research to develop evidence-based values.
Conduct policy analysis to determine alignment between cost-effectiveness testing and State and regional policy goals.	Identifying policy goals may help identify areas of further exploration in assessing the benefits of energy efficiency.



---

## Other Comments or Ideas

Which test you use for c/b screening is less important than what it includes

An adder and evidence-based aren't necessarily mutually exclusive

Be creative - some NEIs can be fairly accurately measured using existing research.

Build on success in other jurisdictions

Remember to value what you value



---

# For More Information

**Christine Donovan**  
**NH EERS Planning Team Lead**  
**VEIC**  
**128 Lakeside Avenue,**  
**Burlington, Vermont 05401**  
**802-540-7801**  
**[cdonovan@veic.org](mailto:cdonovan@veic.org)**